



# Our Natural Advantage

## Forest Sector Strategy for British Columbia

*Building on the Report of the Working Roundtable on Forestry*



**THE BC  
JOBS PLAN**





## Message from the Premier

As one of British Columbia's largest economic drivers, forestry plays a vital role in advancing the BC Jobs Plan. I am pleased to present this strategy for continued growth in our forest sector.

In 2009, the Government of British Columbia released the report of the Working Roundtable on Forestry: Moving Toward a High Value, Globally Competitive, Sustainable Forest Industry. That plan identified 29 recommendations for a vibrant and successful forest industry for future generations.

B.C. has been implementing those recommendations, and we are seeing success. B.C. is the world's largest exporter of softwood lumber. Increasingly China has taken a larger share of B.C.'s lumber, emerging to represent 33 per cent of total sales by volume. As well, by the end of 2011, lumber sales to China totalled about \$1.1 billion – an increase of almost 1,500 per cent from \$69 million in 2003.

This success did not happen by accident, but is the result of a sustained campaign to ensure that we have a competitive business environment, sustainably managed forests, that we pursue innovation in the use of our forests and forest products, that we support forest communities and First Nations, and that we focus on diversifying our markets.

We are promoting the best wood products in the world, particularly in Asian markets. In November 2011 I took this message directly to two of our largest potential trading partners: China and India. In the spring of 2012, I will meet with Japanese and Korean trading partners to do the same.

B.C. is ideally situated as a 'gateway' to the growing Asia-Pacific Region as a whole, and our forest sector strategy will continue to press this advantage, blazing the trail for other sectors to follow.



The Honourable Christy Clark  
Premier of British Columbia





## Message from Ministers Thomson and Bell

B.C.'s forests are one of its greatest assets. Spread across 55 million hectares of public land, the forest resource makes significant contributions to the economy and enriches the lives of all British Columbians. We are proud to present the province with a Forest Sector Strategy that builds on this natural advantage, and that builds on the Working Roundtable on Forestry's vision for a vibrant, globally competitive forest products industry.

Since the Roundtable report was released, government has implemented or made progress on its recommendations. This strategy builds on that success, reflecting the current opportunities and challenges facing the sector. New opportunities, such as the export of forest products to India, and the opportunities that the emerging bio-economy presents, need even more dedicated time and effort if we are to realize their potential. Challenges, such as the increasing difficulty of forestry firms to hire adequate numbers of skilled workers, and the impending mid-term timber supply challenges in the Interior, are issues that will require the work and cooperation of industry, government, communities, First Nations and stakeholders to successfully address. With this continued effort, B.C.'s forest sector will continue to generate employment for today's workforce and provide opportunities for future generations.

A handwritten signature in black ink that reads "Steve Thomson".

The Honourable Steve Thomson  
Minister of Forests, Lands and Natural Resource Operations

A handwritten signature in blue ink that reads "Pat Bell".

The Honourable Pat Bell  
Minister of Jobs, Tourism and Innovation

## Introduction

Our forests have built and sustained British Columbia's families and rural communities.

The forest sector has long been a cornerstone of the provincial economy. Revenue from the harvest of trees and production of forest products fund infrastructure and government services that we depend on. The jobs created in the forest, and in processing forest products, are important, particularly in communities where forestry is the primary employer.

First Nations have a deep and cultural understanding of forests, which have provided resources for communities for thousands of years. Forests are a source of clean water, air, recreation and many ecosystem benefits. Approximately 14 per cent of B.C.'s forest lands have been set aside as parks and protected areas, with additional areas under special management for values such as old-growth, water, species and ecosystems at risk, wildlife habitat, scenic viewscapes, and cultural features.

B.C. is in the enviable position of owning 94 per cent of its land base and the forest resources on these lands. This allows the Province to determine where, when and how forest resources can be used for the best long-term benefit for its citizens. B.C. is a recognized world leader in sustainable forest management, balancing economic development with leading-edge environmental practices.

This forest sector in B.C. consists of a number of separate, but inter-connected activities such as planning, planting, and forest management; road-building and harvesting; wood product manufacturing (primary and secondary); pulp, paper and bio-refining; and forest product marketing.

The forest sector strategy is intended to advance economic and environmental sustainability in the forest sector as a whole rather than issues specific to any one of these activities.

This strategy provides an update of actions or areas of focus consistent with the six priorities outlined in the report of the Working Roundtable on Forestry:

- 1. A commitment to using wood first;**
- 2. Growing trees, sequestering carbon, and ensuring that land is available from which to derive a range of forest products;**
- 3. Creating a globally competitive, market-based operating climate;**
- 4. Embracing innovation and diversification;**
- 5. Supporting prosperous rural forest economies; and**
- 6. First Nations becoming partners in forestry.**

### *Vision of the Roundtable*

*British Columbia has a vibrant, sustainable, globally competitive forest industry that provides enormous benefits for current and future generations and for strong communities.*

### *Building on the Working Roundtable on Forestry's Findings and Recommendations*

*The Working Roundtable on Forestry was created in March 2008 to consider the long-term future of B.C.'s forest industry. Its members brought a diversity of perspectives and experience to the task of identifying key issues, opportunities and recommendations to ensure a strong, vibrant, sustainable forest industry in British Columbia.*

*For more on the Roundtable and its work, including the government's actions to implement its recommendations go to [http://www.for.gov.bc.ca/mof/forestry\\_roundtable/](http://www.for.gov.bc.ca/mof/forestry_roundtable/)*



## Strategic Context

Following is a summary of the opportunities and challenges facing the B.C. forest sector:

**Increasing demand for wood products in Asia.** Fast-growing economies in Asia present significant market opportunities for B.C. forest products.

**Increasing demand for clean energy.** Wood waste and residue can be used to generate clean energy. Export markets for biomass products are growing quickly, creating opportunities for B.C. technologies and products.

**Expanding use of wood construction in the non-residential and mid-rise residential market.** In the non-residential market (including commercial, industrial, recreational, institutional), wood currently holds less than a 20% share across Canada and the United States. With a significant portion of non-residential construction in the 1-3 storey range, there is considerable growth potential.

**Growing global green building movement.** Wood is a natural choice for green building. With our abundant forest resources, high environmental standards, and innovative approaches to design and construction, B.C. is exporting forest products as well as know-how and construction technology to other countries.

**Increasing diversification of the B.C. forest sector.** With growth in emerging areas such as bio-energy and bio products, our forest sector is becoming increasingly diversified. Forest management is also diversifying with new and innovative forms of tenure that allow individuals, communities and First Nations to manage local forests consistent with local needs and priorities.

**Continuing global economic uncertainty.** B.C. is well positioned to attract new investment to fuel economic growth as our province is widely viewed as a safe haven for international investors.

**Shortage of skilled workers.** Recruiting and retaining a workforce will become a significant challenge for forestry which is forecasting significant attrition over the coming decade.

**Mid-term timber supply.** The mountain pine beetle has ravaged B.C.'s interior pine forests. While the forest industry is continuing to utilize as much of the dead pine as possible, we know that we will experience timber supply shortages in the mid-term.





*In implementing the roundtable recommendations, government has accomplished the following:*

- *Showcased B.C. wood as an innovative and climate-friendly material at the 2010 Olympic Games and Shanghai World Expo 2010, and at design and construction seminars and tradeshows such as the annual Global Buyers Mission in Whistler.*
- *Promoted the benefits of using wood and linked potential buyers with B.C. forest product manufacturers through global trade missions in China, India, Japan, South Korea and the U.S.*
- *Passed the Wood First Act in 2009 and established a Wood Enterprise Coalition to support implementation of the Province's Wood First Initiative. The overall goal is to encourage a cultural shift toward viewing wood as the first choice for construction, interior design and daily living.*
- *Changed the BC Building Code in 2009 to increase the maximum height for wood-frame residential construction from four to six storeys.*
- *Developed websites and published documents to promote the use of B.C. wood including [www.naturallywood.com](http://www.naturallywood.com), Generating More Value from Our Forests, and Tackle Climate Change: Use Wood (Canadian Edition).*

# 1 A commitment to using wood first

## *Promote the benefits of building with wood, particularly from B.C.*

In today's global markets, corporate social responsibility and minimizing environmental impacts are becoming mainstream standards. As a result, customers are increasingly concerned with where their forest products are sourced from and ensuring they come from legal and sustainable sources.

Forestry Innovation Investment Ltd. (FII), a provincial Crown corporation, has a mandate to ensure that B.C. is recognized by the province's key customers as a preferred global supplier, with 90 per cent or more of our customers feeling B.C. forest products are a good choice for the environment.

FII has a comprehensive online resource — [www.naturallywood.com](http://www.naturallywood.com) — that provides information on how B.C. is a leading supplier of high-quality, environmentally responsible forest products.

B.C. is also a leader in the area of wood construction technology. FII encourages the transfer of wood construction expertise available from B.C. This combination of technology, expertise and products is a competitive advantage for B.C. in developing new export markets.

## *Market B.C.'s green advantages*

B.C. is a world leader in this area with more than 53 million hectares certified as sustainably managed under standards set by independent agencies such as the Canadian Standards Association, the Sustainable Forestry Initiative and the Forest Stewardship Council. Canada as a whole is the only jurisdiction worldwide that has more certified lands.

Our sustainable forest management framework distinguishes us from many other jurisdictions. Ninety-four per cent of the B.C. land base is publicly owned and subject to strict forest management laws backed by comprehensive compliance and enforcement. This ensures a consistent and rigorous approach to managing forests province-wide, along with a commitment to manage the resource for optimal public value.

As countries struggle with the reality of climate change, concern is increasing about the environmental impact of human activity. Using wood products from well-managed forests for construction is an excellent choice for the environment.

A science-based life cycle assessment shows that wood products have a much lower environmental footprint than alternative building materials such as concrete or steel. When trees are harvested and manufactured into products, they continue to store carbon. Compiling and disseminating this science is important so customers are aware that B.C. wood products are a socially responsible choice for the environment.

The Province will use these green advantages to become the international supplier of choice for sustainable and climate friendly forest products and services. FII will lead efforts to promote the inherent green building benefits of using wood products from B.C.'s well-managed forests.

## **Support development of next-generation wood construction systems**

To assist in expanding the use of wood in non-traditional and non-residential building construction, the Province is funding research and development on next generation wood-based building systems.

### **Developing wood based building solutions**

Development of new engineered wood products is supported through research that moves products from the prototype stage to commercial viability. The Province supports wood building solutions by funding research on new products such as:

- Cross-laminated timber floors and walls;
- Wood-based solutions for elevator shafts, stairwells, and fire separations;
- Panelized wood/steel hybrid roof systems; and
- Concrete/wood floor systems with targeted levels of vibration and acoustic performance.

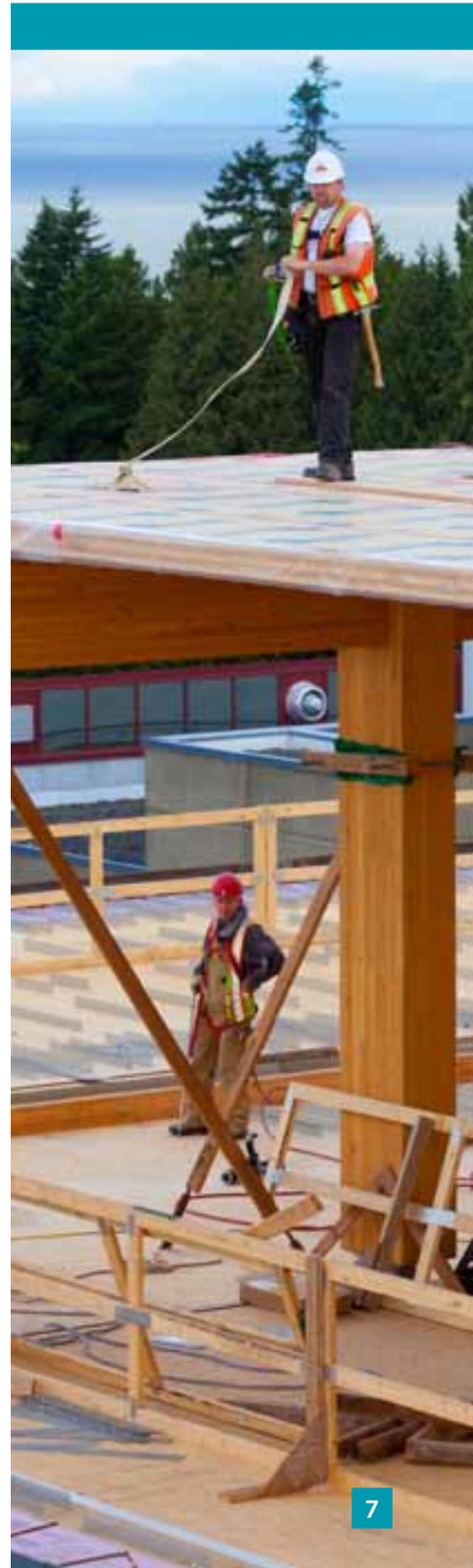
Other research is looking at panelized wood roof systems and composite wood products that offer greater energy efficiency. These investments support the development of a design and construction community in B.C. that excels in providing competitive and innovative wood-based building solutions.

### **Identifying potential Building Code changes to support use of next-generation building solutions**

The Province is supporting the examination and development of preliminary recommendations for building code provisions in B.C. to enable:

- Expanding 6-storey light frame wood construction to non-residential applications;
- Extending 6-storey application to heavy frame wood construction; and
- Facilitating hybrid construction use of wood-based solutions for elevator shafts, stairwells and fire separations.

The goal is to identify code changes that would enable next-generation wood-based building solutions to be implemented in the BC Building Code.



### ***Build the Wood Innovation and Design Centre***

This facility, to be built in Prince George, will serve as a centre of excellence for wood innovation, education, research, and product development with programming focused on advancing B.C.'s expertise in wood-related products, and highlighting new and innovative wood building products and techniques.

The Province is working with the University of Northern British Columbia, other post-secondary institutions, the Wood Enterprise Coalition and other industry partners to ensure that programming provided in the centre advances B.C.'s Wood First agenda. A request for expressions of interest was released in fall 2011. A request for qualifications to construct the building will be released in spring 2012. Construction is tentatively scheduled for completion in 2014.

### ***Expand wood use beyond the residential construction sector in the United States***

There are significant opportunities to capture a larger share of the U.S. non-residential and multi-family housing construction sectors. In the past year alone, there were more than \$128 million of wood-product sales to the U.S. for 500 projects that switched to wood-frame construction or otherwise increased the use of wood products.

The Province is working to increase sales to the United States non-residential market to 400 million board feet in 2012/13. These market expansion efforts will be assisted by provincial investments in research and development of next generation wood-based building solutions. These include cross-laminated timber floors and walls, wood-based solutions for elevator shafts and stairwells, and panelized wood/steel hybrid roof systems.

### ***Promote wood first***

Wood is durable, cost-effective and climate friendly – and using more wood directly supports jobs and economic growth in B.C. communities.

The Province passed the *Wood First Act* in 2009, which requires provincially funded buildings to use wood where possible under the B.C. Building Code, and funded the establishment and initial operation of the Wood Enterprise Coalition (<http://www.wecbc.ca/>) — a partnership of trade and research associations to champion the initiative across B.C.

Forty-two local governments around B.C. have also adopted Wood First policies, resolutions or bylaws to promote wood in municipally funded buildings.

## 2 Growing trees, sequestering carbon, and ensuring that land is available from which to derive a range of forest products

In implementing the roundtable recommendations, government accomplished the following:

- Released a Forest Carbon Offset Protocol in 2011 to guide the design, development, quantification and verification of B.C forest carbon offsets from a broad range of forest activities on private and public land in B.C.
- Focussed silviculture investments under the Land Based Investment Strategy on mitigating mid-term timber supply issues and reforesting areas hardest hit by the mountain pine beetle epidemic, dothistroma needle blight, and catastrophic wildfires.
- Extended the timelines for innovative forestry practices agreements to explore the potential for increasing timber supply.

### *Pursue opportunities related to climate change and carbon solutions*

Climate change presents risk and opportunities for our forest sector. Risks include the increased potential for wildfires and outbreaks such as the Mountain Pine Beetle epidemic. Opportunities include the ability of our forests and forest products to store large amounts of carbon to mitigate climate change and support the growth of a low-carbon economy.

The drive to combat climate change has led to world-wide markets for carbon offsets. The B.C. Forest Carbon Offset Protocol, finalized in 2011, gives our forest sector a new opportunity to enter, and benefit from, this growing market.

The B.C. government is sponsoring an innovative silviculture partnership that offers private investors a chance to create forestry jobs, fight global warming and reduce their carbon footprint. As part of the partnership, private companies would replant Crown land damaged by wildfires, pine beetle and other factors not related to commercial timber harvesting. Program partners can generate significant carbon credits, which they will be able to sell on the open market as the carbon storage value of these replanted areas increase over time.

In addition to delivering climate action and forest management benefits, B.C.'s sales of forest carbon offsets will support direct jobs in silviculture, and jobs over the long term in timber harvesting. For example, a 1,000-hectare forest carbon restoration project in B.C.'s Interior would represent:

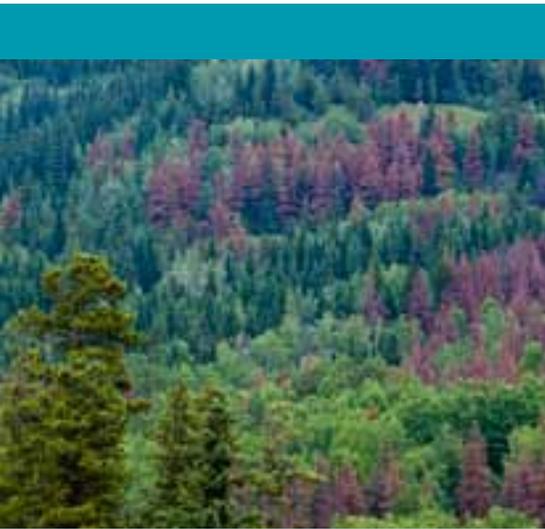
- Up to \$1.5 million in carbon finance and investment;
- An additional 176,000 cubic metres of timber growth; and
- \$14 – 25 million in provincial GDP after harvest.

### *Ensure a sustainable timber supply*

Our forest sector requires a long-term, reliable timber supply. This can only be realized if we have a sustainable resource management framework supported by all major users of our forests. This includes ensuring that:

- Forests available for harvesting are highly productive;
- New forests are re-established, well-tended and protected from fire and disease;
- Harvesting levels and practices are sustainable while respecting other values and uses such as parks, old-growth, water, species and ecosystems at risk, wildlife habitat, scenic viewscapes and cultural features.

The Mountain Pine Beetle epidemic has affected more than 17 million hectares of forests in the Interior of B.C. Timber harvesting levels were temporarily increased in some Interior forests to capture value from beetle-killed wood before the fibre degrades.



## Addressing Mountain Pine Beetle impacts on communities

Since 2001, the Province has invested more than \$831 million to battle the Mountain Pine Beetle.

Actions to date by provincially funded beetle coalitions include projects that promote community forests and value-added wood production, green energy development, log-home and timber-frame sector expansion, and bio-energy sector development and promotion. In 2011 the Province provided an additional \$3 million to each of the Mountain Pine Beetle Action Coalitions to support their work.

For more on the Southern Interior Beetle Action Coalition, go to: [www.sibacs.com](http://www.sibacs.com)

For more on the Omineca Beetle Action Coalition, go to: [www.ominecacoalition.ca](http://www.ominecacoalition.ca)

For more on the Cariboo-Chilcotin Beetle Action Coalition, go to: [www.c-cbac.com](http://www.c-cbac.com)

## Continue investment in reforestation

In 2011/12, more than 199 million trees will be planted on Crown land. Maintaining planting and tending activities at 2011/12 levels would provide over seven million cubic metres of additional timber volume in 65 years, along with an estimated \$800 million in provincial GDP and 15,000 long-term jobs for British Columbians.

The Province is reforesting Interior areas hardest hit by the Mountain Pine Beetle and wildfires which have subsequently occurred in these areas. Fourteen million trees were planted in these areas in 2011/12. Another 36 million trees are planned for planting over the next two to three years – in many cases, using “select seed” that produces faster-growing trees with more resistance to insects and diseases.

Planting faster-growing trees, ensuring planting success and controlling competing vegetation will increase overall timber volume and decrease the time for trees to reach an appropriate size for harvest.

Even with the actions taken to reforest, more will be required as interim timber supplies will challenge B.C.’s ability to maintain its current lumber manufacturing capacity. Government will continue to explore ways to address the timber shortage with industry and other stakeholders.

## Develop approaches to better assess impacts of other land uses on commercial forestry

The Province is exploring frameworks to help assess future land-based development proposals. The Province has launched a pilot project to directly engage the industry in:

- Identifying key environmental, social, and economic criteria and indicators to inform different levels of decision making;

- Developing methods to incrementally and cumulatively track and report on the criteria and indicators, and
- Providing recommendations for criteria and indicators for forest resource values for use on the Coast and, where appropriate, across the entire province.

This work will help ensure that land and resource decisions consider the long-term stability of B.C.’s timber harvesting land base.

## Strengthen management of wildfire/community interface

As a result of climate change and the Mountain Pine Beetle infestation, large wildfires have occurred and are expected to increase in frequency posing increased risk to communities. To minimize the risk, the Province will implement landscape fire management planning which identifies landscape level wildfire threats and sets objectives to mitigate them. Land management activities serve an important function in reducing risks including:

- Targeted forest harvesting to create fire breaks;
- Removal of hazardous fuels, such as dead trees, to improve safety and create opportunities in the growing bio-energy sector; and
- Targeted prescribed burning to support healthy ecosystems and reduce hazardous fuels.

These activities generate short-term jobs and reduce timber losses due to wildfire enabling greater job creation in the future. For more information on B.C.’s wildfire management program go to <http://bcwildfire.ca/>.

## 3 Creating a globally competitive, market-based operating climate

In implementing the roundtable recommendations, government has accomplished the following:

- A number of legislative, regulatory, and policy changes through 2009 and 2010 supported industry competitiveness through streamlining of woodlot administration; reducing turnaround times for cutting permits and road permits; administration costs associated with tree farm licence replacement; and tenure administration in situations where the Minister deletes Crown land from a tree farm licence as a result of the *Forestry Revitalization Act*.
- Updated Crown timber pricing policies in order to: simplify processes and ensure that licencees pay fair market value for timber. These policy and process changes have included: implementation of the Market Pricing System (MPS-A) for the Interior; implementing stand as a whole pricing/cruise based billing for mountain pine beetle-impacted forests; and, lump-sum area based timber sales.

### **Maintain B.C.'s competitive tax environment**

Tax systems are critical to forest sector competitiveness and B.C. is committed to providing a tax regime that fosters business growth and helps to create a positive investment environment. In recent years, the Province has reduced its corporate income tax rate from 16.5 per cent to 10 per cent. It has also reduced the school property tax for major industry by 60 per cent, saving companies up to \$65 million a year.

As part of the BC Jobs Plan, the Province has also launched a formal review of B.C.'s tax competitiveness. An Expert Panel on Tax, led by the chancellor of the University of British Columbia, will consider the competitiveness of B.C.'s tax environment for business and make recommendations about which taxes most influence competitiveness and economic growth.

The panel will complete its work by August 31, 2012 and will ensure its recommendations respect the Province's balanced-budget framework.

### **Provide a reliable, competitive supply of fibre to market**

BC Timber Sales (BCTS) auctions 11 to 12 million cubic metres of timber each year across the province, creating a robust, open and competitive market for fibre. BCTS will continue to increase the use of innovative, area-based timber sales that provide an incentive for successful bidders to minimize waste and get as much value from the forest site as possible. For more information on BC Timber Sales, go to <http://www.for.gov.bc.ca/BCTS/>



## **Provide a clear, responsive regulatory framework that supports industry competitiveness**

Management of B.C.'s forest resource demands a regulatory framework that supports the right balance of economic, social and environmental values and allows efficient and effective permitting of resource activities.

Actions to improve the regulatory framework include:

- A Government/Industry Working Group to review the economics of manufacturing in the forest industry and provide recommendations for efficiency improvements.
- Review ministry business practices to ensure industry cost competitiveness is a recognized key goal.
- Continue to improve the market sensitivity of the Province's timber pricing system.
- Review provincial tenure transfer and consolidation policy and legislation for consistency with ongoing market conditions.
- Streamline regulations and processes.
- Enhance client-centred service.

Improving the regulatory framework for forest resources is being undertaken in the context of the Province's legislated commitment to maintain a zero net regulatory gain through 2015, the only jurisdiction in Canada to have a commitment enshrined as such.

## **Attract investment**

### **Linkage to The BC Jobs Plan**

*The BC Jobs Plan includes a range of new initiatives to encourage and facilitate new investment to maintain and create jobs in the forest sector. For example, the Province has established a Major Investments Office to advocate for significant investments and work with investors, ministries and others to accelerate significant investment projects.*

*The BC Jobs and Investment Board will provide advice and recommendations to government on policies and programs to help attract investment, foster economic development, and support job creation.*

In a turbulent global economy, British Columbia stands out as a safe, stable place for investors. Our business climate is highly attractive with low tax rates for businesses and families; regulatory regimes that are efficient, results-oriented and favourable to business growth; a skilled and productive workforce; competitive costs for doing business; a diversity of competitively priced resource inputs including energy and raw materials; favourable access to large markets in Asia, North America and Europe; a diverse and well-established forest industry; communities that welcome new investment; and an exceptional quality of life.



With these advantages, British Columbia's forest sector has potential for new foreign direct investment in a number of areas, including:

- New greenfield operations producing bio-energy products, value-added products, engineered wood products, chemicals from pulp mill residues, and lumber products;
- New investment in existing facilities resulting in expanded capacity, re-purposing of assets, new product offerings or new markets; as well as augmenting investment in current assets.
- Joint ventures that promote innovative technologies, increase productivity, lower costs or expand markets.

### **Attracting investment = Jobs in B.C.**

*Growing demand for forest products in the fast-growing Asian market is making B.C. more and more attractive to foreign investors. For example, in 2010, Netherlands-based Paper Excellence bought the former Pope and Talbot pulp mill in Mackenzie, which had been closed since 2007.*

*The Province supported the sale by securing a local fibre supply, in partnership with the McLeod Lake Indian Band. It also helped to upgrade the forestry road between Mackenzie and Fort St. James, opening up new tourism and recreational opportunities along with supporting job creation.*

*Today the mill is going full-steam, supporting more than 220 direct jobs plus another 500 indirect jobs. About 80 per cent of its production goes to Asia.*

*With this strategy, the Province will continue to build partnerships and seek creative ways to attract more investment to help keep our forest sector vibrant and sustainable.*

### **Increase outreach to international prospects**

The Province leads trade missions both to and from key international markets – particularly China, Japan, Korea and India. To increase the number, scale and range of foreign direct investments and jobs in the forest sector, the Province will reach out to international investors and provide them with:

- The information they need to understand B.C.'s investment potential;
- Strong encouragement to explore opportunities in B.C. for profitable investment; and
- A positive experience when they visit B.C.

### **Improve investors' access to wood fibre**

In 2010, the Province unveiled Fibre Connections BC – a government service that facilitates linkages between fibre suppliers, manufacturers and investors to streamline the flow of B.C. wood to its highest-value use. For more information, go to <http://www.for.gov.bc.ca/mof/fcbc/>



## *Review log export policies*

The B.C. forest sector operates within a global log market. B.C.'s policies around log exports need to reflect this to ensure our sector remains globally competitive. Log exports are a key component of the economics of the Coastal forest sector; many low-value stands would not be economical to harvest without the ability to export some of the logs from those stands.

For example, in a mixed stand of cedar and hemlock, both tree types need to be harvested. However, if there is no domestic market for hemlock, then approving the export of these logs allows logging to proceed and makes the cedar available for domestic mills. At the same time, there is a clear desire by the Province to see as many logs processed domestically as possible to maximize economic activity and job creation within B.C.

The Province began a review of log export policies in summer 2011 to ensure that the policies created the appropriate balance between the global competitiveness of the industry and supporting domestic jobs. Results of the log export review will be posted online at <http://www.for.gov.bc.ca/het/export.htm>

In addition to working to create more value from our forest products, the Province can reduce the pressure and the need to export logs by continuing to encourage and support domestic manufacturing and improve the competitive position of our forest sector. Since 1998, the average cost of delivering a log to the mill on the Coast has been reduced by more than 40 per cent while still ensuring that pricing policies respect the spirit and intent of the Softwood Lumber Agreement.



## 4 Embracing innovation and diversification

In implementing the roundtable recommendations, government accomplished the following:

- Continued promotion and marketing in Asian markets of B.C. wood products and wood frame construction through FII, resulting in China taking a larger share of B.C.'s lumber, representing 33 per cent of total sales by volume, as well as increased lumber sales to China totalling \$1.1 billion by the end of 2011.
- In partnership with the federal government and the Canada Wood Council, supported projects to demonstrate innovative wood use in new building projects.
- Financially supported research and development of new innovative products.
- Implemented new pricing and billing policies for Mountain Pine Beetle impacted forest stands to streamline harvesting and reduce costs.

### *Product diversification*

The growing global green economy is also stimulating increased demand for products such as bio-fuels. And, as B.C. continues to foster the development of innovative new ways of using wood, more markets will emerge in the future.

### *Build B.C.'s bio-economy*

The forest industry is poised to enter the bio-age, a future in which wood fibre is converted into a wide range of products: electricity, fuels, plastics, solvents, lubricants, even food additives. Countries around the world are seeking new and better ways to break their dependency on fossil fuels and biomass is being explored in many jurisdictions. By 2015, the bioproducts sector is expected to be worth more than \$200 billion and B.C., with its abundance of natural, renewable bio-based resources, is well positioned to benefit from this growing trend.

### *Move towards a long term vision and plan for B.C.'s bio-economy*

To help B.C. make the most of these emerging opportunities, in 2011, the Province appointed a committee of selected members of the legislative assembly to study the issue, consult with key stakeholders and then make recommendations to government. In collaboration with industry, academia, non-government organizations, and other levels of government, the Province will implement the committee's recommendations, which were released in January 2012:

- Establish a clear, long-term bio-economy vision.
- Improve access to fibre and feedstock.
- Establish a technology development strategy.
- Develop markets for B.C. bioproducts and aggressively market B.C.'s advantages.
- Integrate the bio-economy's infrastructure needs into provincial initiatives.
- Establish a bio-economy team that will formulate and articulate the bio-economy vision for B.C.

The committee's report and recommendations are available in full at: [http://www.gov.bc.ca/jti/down/bio\\_economy\\_report.pdf](http://www.gov.bc.ca/jti/down/bio_economy_report.pdf)

### *Supporting the Bio-Pathways Project: key research to move the bio-economy forward*

Started in 2009, the Bio-Pathways Project set out to assess which aspects of the bio-economy offered the greatest potential for forest sector transformation in Canada.

The Bio-Pathways Project, supported by the Province and other partners, has shown that integrating new bio-technologies with existing forest product facilities is the best way to transform the forest sector. Phase 2 project results show the global market potential of emerging bioenergy, biochemical and bioproducts, and how Canada's forest sector might tap into that market potential.



### **Demonstrating bio-energy at University of Northern BC (UNBC)**

*UNBC is the site for a bio-energy project demonstrating a highly innovative biomass gasification system developed by Nexterra, a leading B.C. bio-energy company. Federal and provincial governments helped fund construction and installation of the \$14.8-million system. As well as reducing or eliminating the university's greenhouse gas footprint, the biomass gasification system is anticipated to become a catalyst for learning, training and demonstration opportunities for regional communities.*

Bio-Pathways highlights the potential for forest industry facilities to produce bioproducts alongside traditional forest products, yielding a more attractive balance of jobs and financial returns than a stand-alone bioenergy operation or a stand-alone mill. Producing these products at forest industry facilities improves the economic results, and increases the job potential by up to five times versus stand-alone bioenergy plants. Significant opportunities exist to pursue these synergies within the pulp and paper sector in B.C. B.C.'s pulp and paper mills are also well positioned to expand their generation of energy to include both on-site generated power and biomass-based fuels. In collaboration with industry, academia and research institutions, the Province will further examine the bio-refinery model as it relates to and supports the pulp and paper industry.

### **The BC Bio-Energy Network**

Established in April 2008 with a \$25 million grant from the B.C. government, the BC Bio-energy Network is an industry-led initiative that serves as a catalyst for deploying near-term bioenergy technologies and supporting research to build a world class bioenergy capability for B.C.

### **Support development of biomass inventories**

Pursuing bio-economy innovation and product development requires access to a secure fibre supply. Investors are looking for assurances about the long-term availability and cost of fibre supply when making investment decisions.

Through FPIInnovations, the Province is developing detailed biomass inventories in various areas of B.C. Data on the quantity and cost of available biomass will be a key tool for helping innovators and investors identify opportunities in our forest sector.

### **Support commercialization of innovative technologies through pilot projects**

An innovative product or process may show promise under research conditions and even in small-scale trials. But how well will it work at an industrial scale in the real world? Pilot scale demonstration projects are designed to answer that question. These projects help accelerate the assessment and development of next-generation products and services.

The Transformative Technologies Program is offered through Natural Resources Canada working in collaboration with the Province, industry and FPIInnovations. The Province has partnered in supporting several pilot projects that are serving to demonstrate key emerging and breakthrough technologies, processes and products.

### **Central Interior bio-economy pilot**

The Central Interior has been significantly affected by the Mountain Pine Beetle, creating economic challenges for the forest sector and communities. With funding support from the Province, FPIInnovations is working to identify and demonstrate opportunities to lower barriers to investment, reduce investment risk, and increase the successful adoption of bio-products and services.

### **B.C. Coastal Hemlock-Balsam Fir Initiative**

Hemlock and Balsam Fir are the most abundant species in B.C.'s coastal forests, but are among the most challenging to process. In partnership with industry, the federal government and FPInnovations work started in 2007 to find ways to get more value from these trees. Early successes include introduction of a new hemlock decking product and use of hemlock in sound abatement boards along highways.

In 2012/13, B.C. and the federal government will continue to partner to invest and further advance the Coastal Hemlock-Balsam Fir Initiative. The long-term goal is to generate \$195 million in tangible value improvement to the industry, compared to 2006 levels.

The Province is also working with WoodSourceBC (<http://www.woodsourcebc.com/>), an internet based tool, launched in fall 2011, to support buying and selling of B.C. forest products. This facilitates connections and new business relationships closer to home and around the world.

### **Foster collaborative academic and applied research capacity**

The Province has a pivotal role to play in fostering research and commercialization of emerging and break-through technologies and processes that can lead to next-generation forest products. Collaboration between the Province, academia and forest companies ensures that provincial funding support for innovations is fully leveraged, and that benefits are maximized.

The Province is a partner in an extensive and globally recognized forest product research network that includes the University of British Columbia (UBC), the University of Northern British Columbia (UNBC), the BC Institute of Technology (BCIT), and centres such as FPInnovations, the world's largest private, not-for-profit forest research institute.

Through the Province's \$45-million Leading Edge Endowment Fund (LEEF), Leadership Chairs have been awarded to internationally recognized academics leading in their fields, including one in March 2009 for Advanced Forest Products Manufacturing Technology. LEEF Chairs enable world-class work in their respective sectors.

### **Supporting innovation in genomics to ensure better forest adaptation strategies**

In partnership with universities and the forest industry, and co-funded by Genome Canada and Genome BC, the Province is exploring strategies to increase the resilience of our future forests in response to the changing environment. Using an array of tools and the latest technologies in genomics research, scientists are identifying tree species and populations better adapted to future climates. Matching seedlings to their preferred environment will improve the long-term health and productivity of our forests, increasing timber supply and jobs for the future.





**Forest Innovation by Research and Education (FIBRE)**

Announced in November 2011, Forest Innovation by Research and Education (FIBRE) is a unique partnership structured to build synergies among the eight forest sector university research and development networks across Canada.

Included in FIBRE is Lignoworks, led by UBC. Lignoworks will generate new knowledge to develop innovative, high value-added lignin-based materials and chemicals through a suite of technologies designed to develop value-added products. Lignin is a chemical compound found in woody biomass and other plants. In the chemical pulping process, lignin is broken down and generally removed from the rest of the fibre. Traditionally, it has been burned for bio-energy. However, lignin is gaining popularity as a potential input to produce environmentally friendly substitutes for several petroleum-based products on the market. Researchers are working to find ways to produce lignin with different consistencies and properties so that it can be used in a range of niche markets. This will benefit traditional pulp mills by diversifying the range of products they can offer and support the emerging biofuels sector.

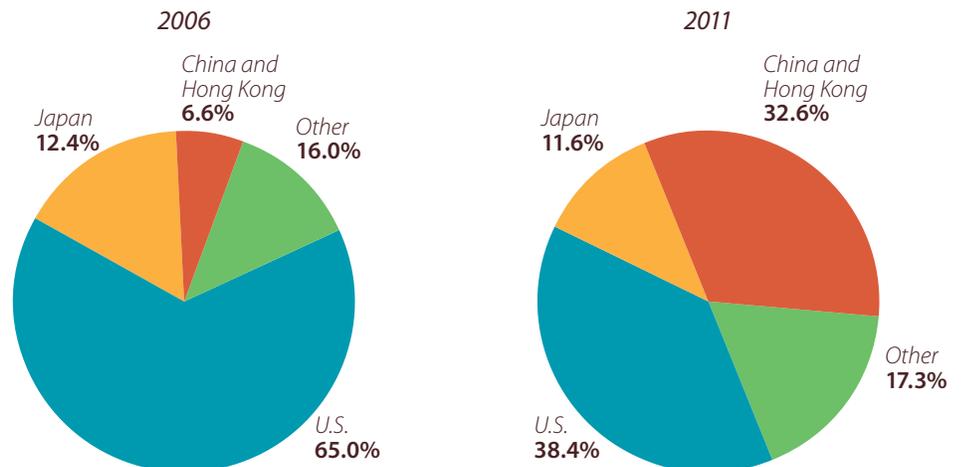
**Enhance markets and trade for B.C. forest products**

Despite current global economic uncertainty, global gross domestic product is expected to double in the next 20 years. Worldwide demand for wood, pulp and paper products is projected to grow significantly. Much of the economic expansion will take place in Asia, and B.C. is well positioned to take advantage of this opportunity due to our location, infrastructure, cultural ties and established business alliances.

The United States continues to be a primary trading partner but, with continued diversification, China has emerged as our second-largest export market, and our single largest market for pulp products. Sales to other Asian markets also offer growth potential. For example, Japan is just beginning to rebuild from the catastrophic 2011 earthquake and tsunami.

Ongoing work to develop construction guides and test new uses for wood products in Asia will ensure B.C. maintains its position as a preferred supplier.

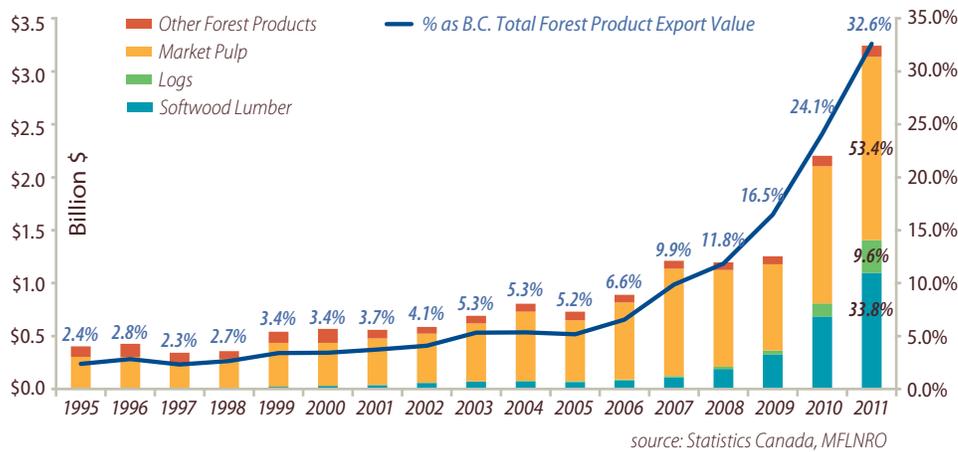
**Shares of B.C. Forest Products Exports (volume) by Destination**



## Develop new markets in the fast-growing economies of China and India

In 2012/13, FII will work with the forest industry and the federal government to increase softwood exports to China by 20 per cent from the previous year. After almost a decade of concerted effort, wood frame construction is now taking hold in China. The Chinese government is supporting wood frame construction due to its seismic performance, energy efficiency, and environmental benefits in sequestering carbon and reducing the carbon impacts of construction. With the rapid urbanization of its population, and the demand for new and higher quality housing, the construction market in China has strong potential for B.C. wood products and wood construction technology.

### B.C. Forest Products Exports to China, 1995 – 2011



There is potential in India to displace tropical hardwood products with B.C. softwood. In 2012/13, FII will work with the Ministry of Jobs, Tourism and Innovation, and the forest industry, to establish a foothold in India. Over the next 5-10 years, FII is optimistic that B.C. can achieve a significant share of the India market for wood products.

## Strengthen and expand existing market segments in Japan and Korea

In 2012/13, the Province, through FII, will continue to work with industry and the federal government to increase the exports of B.C. forest products to Japan. B.C.'s forest sector exports have a long history in Japan, but new innovations and technology are seeing expanded wood use in larger and more complex public and institutional buildings. Elderly care facilities are one example where B.C. has been exporting its experience and technology to Japan, with exciting uptake and future promise. The reconstruction after the 2011 earthquake and tsunami will also be a major consumption driver over the coming years – offering new export potential for B.C. companies. In addition, the Province, federal government and forest industry are jointly contributing \$4.5 million for construction of institutional facilities, to be built using wood, to support communities in Japan's tsunami-stricken area.

Building on these efforts, B.C. softwood lumber exports to Japan are forecast to increase by 10 per cent in 2012/13.





South Korea is another growing market for B.C. forest products and FII is supporting efforts to expand market segments in Korea to take advantage of trends there for healthier, more energy efficient housing.

### ***Double B.C.'s international trade representation***

B.C. has a network of Trade and Investment Representatives in Asia, Europe and the United States, who help prospective investors explore opportunities in B.C., and who assist in the export of B.C. goods and services. As part of the BC Jobs Plan, the Province will double its international presence in the economies that matter most to our economic future, namely China, Japan, Korea and India.

### ***Improve infrastructure to get goods to market***

In B.C., forest products are moved on road and rail and are either loaded onto trucks, rail cars or into containers before being shipped west to B.C. ports, south to the United States, or to Eastern Canada.

By 2020 Asia-Pacific container traffic through B.C. ports is expected to double. To successfully compete for this growing trade, the Pacific Gateway program has set ambitious targets to expand the capacity of our infrastructure. In partnership with industry and the federal government, these planned port and rail capacity improvements will serve Asian customers who want access to B.C.'s natural resources. For more information on the Pacific Gateway program, go to <http://www.pacificgateway.gov.bc.ca/>

### ***Develop and strengthen trade agreements, and defend B.C.'s forestry related interests in trade agreements***

Trade agreements provide a level of certainty and stability for B.C. forest product exports, helping to protect jobs for families across the province. The Province will advance and defend B.C.'s interests by working to reduce or eliminate trade barriers and protectionist measures in other jurisdictions.

The Province collaborates with the federal government in their efforts to prepare for and secure trade agreements with other countries and has strongly supported efforts to establish closer relations with Asia Pacific countries. British Columbia is pleased that Canada and China have announced a joint study identifying areas in each economy where eliminating trade barriers would be most productive. B.C.'s support to the federal government links to the Province's goal of increasing forest product exports to China.

B.C. will also continue to vigorously defend the Province's interests under the Softwood Lumber Agreement with the United States, and is doing so through the current arbitration launched by the U.S. against Canada related to B.C.'s Interior pricing policies for mountain pine beetle killed trees. B.C. supports the two-year extension to the agreement — our most important forest-related trade agreement — to October 2015.

## 5 Supporting prosperous rural forest economies

In implementing the roundtable recommendations, government accomplished the following:

- Improved the ability of community forest licensees to develop operations, clients and financing.
- Introduced new regulation so that new tenure opportunities can be targeted for new products or industry growth in specified sectors.
- Formed the Northwest BC Forest Coalition with First Nations and industry to attract long term wood fibre supply contracts with manufacturing investors.
- The Community Development Trust provided \$189 million from 2008 to 2011 to assist more than 9,000 forest and resource workers affected by the economic downturn, with transition, training and job opportunities.
- Provided \$20 million from 2008 to 2010, along with \$10 million over two years from the federal government, to improve travel conditions on forest service roads that serve as crucial transportation links for rural communities and recreation sites.

The Working Roundtable recommended that forest policies should reflect the unique forest attributes and socio-economic circumstances in different parts of the province so that communities continue to benefit from forestry. This strategy builds on this recommendation through the following actions:

### *Improve access to forest tenure for a range of users*

The Province uses new types of tenure to support communities, First Nations and other smaller operators to increase their participation in the forest sector, generate more benefits from smaller parcels of forest land, and further diversify the industry. At the same time, it is important to respect the rights of existing tenure holders and to ensure the investment community remains confident in B.C.'s stability.

Actions in this area include:

- New community forest agreement opportunities will be created where suitable areas and fibre supplies exist or where partnerships can be created. Today, B.C. has 56 community forests completed or in process covering 1.3 million hectares with an allowable annual cut of 1.6 million cubic metres. This includes nine communities and First Nations that have been invited to apply with an allowable annual cut of close to 300,000 cubic metres.
- The Province will continue to expand the woodlot program. This program gives individuals the chance to harvest timber from small parcels of Crown land, along with their own private property, improving overall forest productivity and helping to promote local employment. There are 866 woodlots covering 489,493 hectares of Crown land.
- The Province is developing new types of forest tenures, such as the fibre supply licence to cut – to give smaller operators new opportunities to harvest roadside debris left behind by the primary harvester on specified Crown lands. These new tenures will be ready in 2012. As well, regulation changes will allow for development of further tenure opportunities – targeted for new products or industry growth in specified sectors such as bio-energy, wood pellets and secondary manufacturing.
- Encourage and support business-to-business relationships between existing tenure holders and emerging business partners.



## Ensure a skilled and safe workforce

### Planning for the future workforce

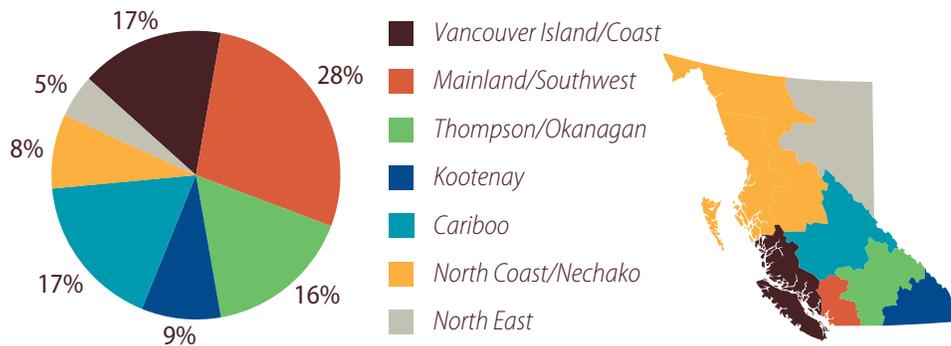
In 2011, the B.C. forest sector employed over 53,000 workers. In addition to new jobs, as many as 25,000 forestry job openings are projected in the next 10 years as existing workers retire. Technological advances within the industry mean skill and educational requirements of workers are increasing. For example, new jobs expected in the bio-economy sector will require a uniquely educated workforce of engineers and scientists.

With other sectors facing the same workforce challenges, the forest sector will need to develop innovative strategies for recruitment and retention, along with investments in training and skills development. The forest sector will also have to market itself to young people, to help them see the range of exciting opportunities awaiting those who choose a career in the forest sector. In particular, the large number of First Nations youth have potential to help meet the growing need for forest workers over the next decade.

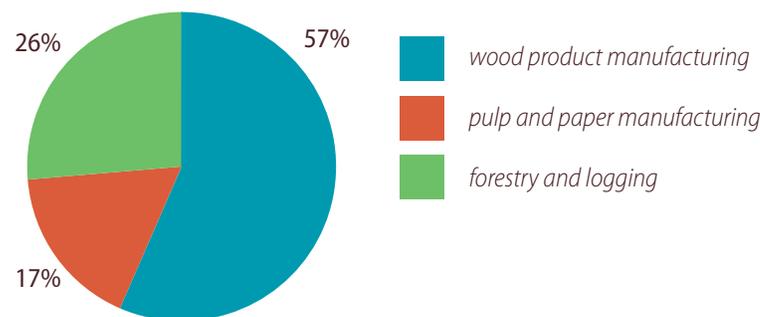
As part of the BC Jobs Plan, the Province is committed to supporting the forest sector to meet the increasing demand for skilled labour. Actions in this area include:

- Facilitating partnerships and coordination within the sector for development of human resource plans and training development opportunities.
- Through its Labour Market Partnership Program, the Province has provided over \$1 million to the forest sector to support the development of human resource strategies and address skills training shortages.
- Regional Workforce Tables were initiated to bring together regional leaders representing industry, labour, employers, First Nations, educators, training service providers, economic development organizations and others to identify opportunities to align skills training and labour market programs to meet regional workforce needs. One key goal is to ensure B.C.'s various economic sectors develop complementary, as opposed to competing, strategies and succession plans.
- The B.C. Immigration Task Force has been created to review key government programs with the goal of increasing the number of skilled immigrants in British Columbia to address labour market needs.
- The Province is providing funding support to the First Nations Forestry Council to research the employment levels of First Nations across a spectrum of professions and roles in forestry, and develop a proposed First Nations Forestry Training delivery model.
- The Province is providing \$10 million in skills-training funding to B.C. industry groups over three years through the Labour Market Sector Solutions Initiative. The funding is targeted to training programs addressing present and future labour shortages. Industry-sector organizations will receive up to \$500,000 per training project to help them develop the right solutions for their needs.

### Forest sector employment by region



### Employment in forest industry sub-sectors



### Improve worker safety

B.C.'s forest sector has been taking steps to improve worker safety. Since 2004, the average number of fatalities has decreased from 22 to 10 per year (2006-2010), and the number of lost-time accidents per 100 people working has decreased by almost one third.

These improvements are due in part to changes recommended by the Forest Safety Task Force which represented companies, unions, independent contractors, forest associations and WorkSafe BC. Its report in 2004 led to the adoption of a formal health and safety accord, and the creation of the BC Forest Safety Council.

The Province will improve safety on resource roads by reducing hazards related to the timing and increasing volume of traffic, travel speed, road alignment, lines-of-sight and communication between road users.

B.C. is also considering new legislation – the proposed *Natural Resource Road Act* (NRRRA) – that includes a safety regime applying to all resource roads and all their users. A two-month public review and comment period was completed in 2011, and a summary report will be made available in early 2012. The project is now moving into its second phase: the analysis of the outstanding policy issues and options for resolving them. This analysis will guide the drafting of a Bill for introduction into the legislature.



## 6 First Nations becoming partners in forestry

In implementing the roundtable recommendations, government has accomplished the following:

- Created a new area-based tenure, the First Nations Woodland Licence that is unique to First Nations.
- Developed a new Forest Consultation and Revenue Sharing Agreement that is based on harvesting activity, as opposed to population.
- Increased the number of First Nations with access to harvest and provided more than \$290 million in revenue sharing.
- Developed a strategy that encourages business-to-business relationships with First Nations.
- Signed reconciliation agreements with the Haida, Nanwakolas and Coastal First Nations that include commitments to share revenues from forest carbon offsets.
- Co-funded a First Nations Forest Sector Technical Support Program to boost First Nations involvement in forest-related businesses.
- Engaged Forest Education BC to promote forestry careers within First Nations and other communities.

This strategy builds on the Working Roundtable which noted it is in the best interests of all British Columbians to improve the partnership with First Nations in B.C.'s forest industry.

Actions in this strategy support that approach, the goals of the Transformative Change Accord and the spirit and commitments of the 2005 New Relationship document. For more information on the New Relationship, go to [http://www.newrelationship.gov.bc.ca/agreements\\_and\\_leg/index.html](http://www.newrelationship.gov.bc.ca/agreements_and_leg/index.html)

First Nations have aboriginal and treaty interests that need to be considered in government decisions. The Province will act to streamline consultation processes to achieve efficiencies for First Nations, the forest sector and the government.

The Province will negotiate Strategic Agreements that detail consistent consultation approaches and may include other economic opportunities. These multi-First Nations or Nation-level agreements support the government's jobs agenda by improving decision-making on regional economic development.

### ***Work with First Nations to attract investment***

As announced in the BC Jobs Plan, the Province will establish an Aboriginal Business Investment Council. The Council will work with Aboriginal communities and the private sector to make recommendations to identify successful investment models, foster economic development in Aboriginal communities, and increase overall investment in the province.



## **Support opportunities to hold forest tenures**

The increasing involvement of First Nations in the forest sector is proving to be successful. First Nations are managing over 300 tenures throughout the Province.

The Province will negotiate new Forest Tenure Opportunity Agreements, providing First Nations with both short-term and longer-term certainty of supply for their businesses. Thirteen new Forest Tenure Opportunity Agreements are expected to be reached in 2012/13.

The First Nations Woodland Licence is a new form of tenure unique to First Nations' interests in land and resources. It allows First Nations to manage specified areas of Crown forest next to, or within, their traditional territories for up to 99 years.

Like community forest agreements, First Nations woodland licences are designed to support local economies and allow communities to manage forest lands consistent with their culture and values. The Province expects to award up to eight new First Nations Woodland Licences in 2012/13.

## **Implement revenue sharing with First Nations**

Since 2003, the Province has been implementing Forest and Range Opportunity Agreements with First Nations, providing a share of the revenue generated from harvesting activity in the province. These agreements have historically provided timber volumes and revenue sharing based on the First Nation's population.

In 2010, the Province established a new revenue sharing model based on the level and value of harvesting taking place in each traditional territory.

As of January 2012, the Province had revenue-sharing agreements with 125 First Nations. Half of these will be re-negotiated over the next three years to make them consistent with the new, activity-based model. The Province also expects to complete 22 more revenue-sharing agreements in 2012/13.

B.C. and the federal government are exploring initiatives to support successful forest sector business development by First Nations. The Aboriginal Business Investment Council, with a mandate to identify and share information about successful business ventures between First Nations and non-First Nations, will create a pathway and information to support a greater number of successful ventures. The governments are supporting First Nations and their organizations in advancing the success of tenure management and other forest sector business.

In 2010/11, FPInnovations launched the B.C. First Nations Forest Sector Technical Support Program with the financial support of the province. The Program works directly with communities to strengthen existing forest sector businesses and develop new ones. In its first year, the program engaged 40 First Nations and supported 15 businesses to start, expand or maintain their operations.



## Encourage business culture in First Nations forestry operations

### First Nations Tenure

*As of January 2012, B.C. First Nations held tenures representing 15.1 per cent of the province's allowable annual cut.*

### The First Nations Forestry Council

*First established in 2006 to support First Nations in mitigating the impact of Mountain Pine Beetle, the First Nations Forestry Council has since evolved to offer support to First Nations in B.C. on all forest-related matters. For more on the FNFC go to [www.fnforestrycouncil.ca](http://www.fnforestrycouncil.ca)*

### Some First Nations are already benefiting

*For example, the In-SHUCK-ch Nation in B.C.'s Southwest has an agreement to harvest on its future treaty settlement lands in partnership with industry, while two other First Nations are considering similar agreements.*

## Encourage business-to-business relationships

B.C. and the federal government have been working with First Nations to finalize treaties since the 1990s. Unresolved land claims have an impact on the land base, affecting both the forest sector and First Nations — but treaty negotiations are complex and time consuming.

The Province is developing a new approach to mitigating the impacts of unresolved treaties. The long-standing practice of freezing development on potential treaty lands is being reviewed to allow some benefits to flow to First Nations before a final treaty settlement. This is a new approach that will improve relationships and allow harvesting to continue uninterrupted for the benefit of industry, First Nations and the Province.

A suite of tools is being designed to facilitate innovative new approaches to support business-to-business partnerships between affected licensees and First Nations. The goal is to help build capacity for First Nations governments and businesses to achieve full participation in the forest sector.

The Province is preparing to engage more broadly with First Nations and industry leaders on a range of policy questions and has identified a number of partners to participate in pilot projects. Three pilots are underway in 2012.

## Summary of Actions

<b>A commitment to using wood first</b>	<ul style="list-style-type: none"><li>• Promote the benefits of building with B.C. wood</li><li>• Market B.C.'s green advantages</li><li>• Support development of next-generation wood construction systems</li><li>• Build the Wood Innovation and Design Centre</li><li>• Expand wood use beyond the residential construction sector in the United States</li><li>• Promote wood first</li></ul>	<ul style="list-style-type: none"><li>▶ <i>Increase sales to the U.S. non-residential market to 400 million board feet in 2012/13</i></li></ul>
<b>Growing trees, sequestering carbon, and ensuring that land is available from which to derive a range of forest products</b>	<ul style="list-style-type: none"><li>• Pursue opportunities related to climate change and carbon solutions</li><li>• Ensure a sustainable timber supply</li><li>• Strengthen management of wildfire/community interface</li></ul>	<ul style="list-style-type: none"><li>▶ <i>Use the BC Forest Carbon Offset Protocol to leverage opportunities in carbon offset markets</i></li><li>▶ <i>Continue investment in reforestation, including use of select seed</i></li><li>▶ <i>Develop approaches to better assess impacts of other land uses on commercial forestry</i></li><li>▶ <i>Implement landscape fire management planning</i></li></ul>
<b>Creating a globally competitive, market-based operating climate</b>	<ul style="list-style-type: none"><li>• Maintain B.C.'s competitive tax environment</li><li>• Provide a reliable, competitive supply of fibre to market</li><li>• Provide a clear, responsive regulatory framework that supports industry competitiveness</li><li>• Attract investment</li><li>• Increase outreach to international prospects</li><li>• Improve investors' access to wood fibre</li><li>• Review log export policies</li></ul>	<ul style="list-style-type: none"><li>▶ <i>Examine forthcoming recommendations of the Expert Panel reviewing B.C.'s tax competitiveness.</i></li></ul>

**Embracing innovation and diversification**

- Product diversification
  - Build B.C.'s bio-economy
  - Support development of biomass inventories
  - Support commercialization of innovative technologies through pilot projects
  - Foster collaborative academic and applied research capacity
  - Enhance markets and trade for B.C. forest products
  - Develop new markets in the fast-growing economies of China and India
  - Strengthen and expand existing market segments in Japan and Korea
  - Double B.C.'s international trade representation
  - Improve infrastructure to get goods to market
  - Develop and strengthen trade agreements, and defend B.C.'s forestry related interests in trade agreements
- ▶ *In collaboration with stakeholders, further examine the application of the bio-refinery model to the pulp and paper industry*
  - ▶ *Continue to support Central Interior pilot aimed at commercialization of bio-products and services*
  - ▶ *Continue to support coastal hemlock and balsam fir initiative*
  - ▶ *Work with Wood Source BC to support improved access to wood fibre*
  - ▶ *Continue to support innovation in forest genomics leading to improved forest adaptation strategies*
  - ▶ *Increase softwood exports to China by 20% in 2012/13 from last year (2011/12)*
  - ▶ *Establish forest sector market development program for India*
  - ▶ *Support Japan reconstruction*
  - ▶ *Collaborate with federal government in preparing for and securing trade agreements*

**Supporting prosperous rural forest economies**

- Improve access to forest tenure for a range of users
  - Ensure a skilled and safe workforce
  - Improve worker safety
- ▶ *Create new community forest agreements and woodlot licences where suitable areas and fibre supplies exist or where partnerships can be created*
  - ▶ *Develop new tenures to support growth in sectors such as bio-energy, wood pellets and secondary manufacturing*
  - ▶ *Encourage and support business-to-business relationships between existing tenure holders and emerging business partners*
  - ▶ *Support workforce planning and skills training*
  - ▶ *Continue ongoing work with the BC Forest Safety Council to improve worker safety*

**First Nations becoming partners in forestry**

- Work with First Nations to attract investment
  - Support opportunities to hold forest tenures
  - Implement a new model for revenue sharing with First Nations
  - Encourage business-to-business relationships
- ▶ *Work with the Aboriginal Business Investment Council to encourage increased investment in First Nations businesses and communities.*
  - ▶ *Streamline consultation processes to achieve greater efficiencies for First Nations, the forest sector and the government*
  - ▶ *Explore initiatives to support successful forest management and forest sector business development by First Nations*
  - ▶ *Continue to negotiate Strategic Agreements*
  - ▶ *Continue to work with First Nations on a range of initiatives supporting full participation in the forest sector*



